

401(a) Defined Contribution Retirement Plan
Arnerich, Massena & Associates, Inc. Investment Option Annual Review
Employee Investment Advisory Council Recommendations – March 8, 2006

EIAC did not make specific “retain” recommendations.				
Fund Name Class & Category Current Status	Assets and Participation 12/31/05	Arnerich Recommendation	EIAC Recommendation	Rationale Or Comments
Stable Value	1,672,935 5.97%; pps = 110 12/31/2004: 1,103,044 4.85%	Retain		
Vanguard Total Bond Market Index Admiral Bond Fund	423,584 1.51%; pps = 123 12/31/2004: 366,515 1.61%	Retain		
Vanguard Balanced Index Admiral Domestic Balanced	15,490,921 55.26%; pps = 999 12/31/2004: 13,752,734 60.42%	Retain		
Barclays Global Equity Index Large Cap Blend	18,512 0.07%; pps = 13 12/31/2004: N/A Available 4/15/05	Retain		
Vanguard Growth & Income Admiral Large Cap Blend	631,728 2.25%; pps = 103 12/31/2004: 605,240 2.66%	Retain		
American Funds Growth Fund Large Cap Growth	2,352,397 8.39%; pps = 289 12/31/2004: 1,699,467 7.47%	Retain		
Janus Mid-Cap Value Mid Cap Value	1,039,240 3.71%; pps = 203 12/31/2004: 561,915 2.47%	Retain		

Fund Name Class & Category Current Status	Assets and Participation 12/31/05	Arnerich Recommendation	EIAC Recommendation	Rationale Or Comments
Vanguard Small Cap Index Admiral	681,780 2.43%; pps = 112	Retain		
Small Cap Blend	12/31/2004: 572,175 2.51%			
Hotchkis & Wiley Small Cap	1,233,135 4.40%; pps = 212	Retain		
Small Cap Value	12/31/2004: 636,507 2.80%			
American Funds New Perspective A	1,278,468 4.56%; pps = 226	Retain		
Global Stock	12/31/2004: 992,088 4.35%			
Oakmark International	619,881 2.21%; pps = 153	Retain		
International Stock	12/31/2004: 269,764 1.19%			
“Change” Recommendations				
SSGA International Growth Opportunities	284,213 1.01%; pps = 65	Watch	Maintain on Probation	The SSG International Growth Opportunities fund has been on watch and was recommended to terminate and search last year. The fund is continuing to under-perform, but has a new management team and may be turning around.
International Stock On Probation	12/31/2004: 132,374 .58%		EIAC vote: 9 – 0	
Vanguard Equity Income Admiral	647,267 2.31%; pps = 139	Watch	Place on Probation	The Vanguard Equity Income fund has underperformed both the Russell 100 Value and S&P 500 Index. The funds 3-year return is below the median manager of the peer group
Large Cap Value	12/31/2004: 548,375 2.41%		EIAC vote: 9 -0	
Artisan Mid-Cap Investors	862,633 3.08%; pps = 165	Terminate	Place on Probation	The Artisan Mid Cap Investors fund performance has lagged the general index and the specific index. Additionally, the fund has experienced significant asset growth and capitalization drift.
Mid Cap Growth	12/31/2004: 748,366 3.29%		EIAC vote: 9 – 0	
Brown Capital Small Company Institutional	798,333 2.85%; pps = 118	Terminate	Maintain on Probation	3 year history of underperformance; not meeting established benchmarks
Small Cap Growth On Probation	12/31/2004: 774,942 3.40%		EIAC vote: 19 – 0	

Additional Recommendations*

*The EIAC separated recommendations from “ terminate and search” as one single recommendation to “terminate” (above recommendations) as one recommendation and “search” as another recommendation as specified below. The EIAC was not comfortable recommendation termination until a search was conducted and it is known if a viable alternate option is available.

Recommended Board Motion:

Option A: I move we accept and approve all EIAC recommendations to place or maintain the following investment options in the “probation” status: SSGA International Growth Opportunities, Vanguard Equity Income, Artisan Mid-cap Investors and Brown Capital Small Company (as noted in the summary chart) for the 401(a) Defined Contribution Retirement Plan.

Option B: Board pleasure.

Moved by: _____

Seconded by: _____

Vote: _____

Additional Recommendations (contingent upon above recommendations)

Search for replacement funds for:

- 1) a mid cap growth fund and consider the Neuberger Berman Genesis Fund in this search (Artisan on probation);
- 2) a small cap growth fund (Brown Capital on probation)
- 3) a foreign large value fund (Templeton Foreign terminated as foreign large cap value).

These searches will be the same searches conducted for the mid cap and small cap growth funds for the 457 deferred compensation plan.

Recommended Board Motion:

Option A: I move we accept and approve all EIAC recommendations to search for replacement funds for the mid-cap and small-cap growth funds.

Option B: Board pleasure.

Moved by: _____

Seconded by: _____

Vote: _____